



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal Nos. 14-50]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 14-50 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 21, 2014.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.

[GPO – PHOTO GRAPHIC]



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

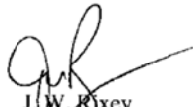
OCT 10 2014

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 14-50, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Australia for defense articles and services estimated to cost \$76 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,



J.W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 14-50

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Australia
- (ii) Total Estimated Value:

Major Defense Equipment*	\$ 62 million
Other	<u>\$ 14 million</u>
TOTAL	\$ 76 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: up to 3 Close-In Weapon System (CIWS) Block 1B Baseline 1 to Baseline 2 upgrade kits; the overhaul and upgrade of up to 9 CIWS Block 1A mounts to Block 1B Baseline 2 systems; 11 Remote Control Stations; 11 Local Control Stations, spare and repair parts; support equipment; test equipment; personnel training and training equipment; publications and technical documentation; U.S. Government and contractor logistics and technical support services; and other related elements of logistics and program support.
- (iv) Military Department: Navy (LFC)
- (v) Prior Related Cases, if any:
 - FMS case SAY-\$184M-15Nov77
 - FMS case SBJ-\$275M-5May80
 - FMS case LWZ-\$79M-12Nov81
 - FMS case LXN-\$15M-23Jul82
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex
- (viii) Date Report Delivered to Congress: 10 Oct 14

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Australia – Close-In Weapon System Block 1B Baseline 2 Upgrade

The Government of Australia has requested a possible sale of up to 3 Close-In Weapon System (CIWS) Block 1B Baseline 1 to Baseline 2 upgrade kits: the overhaul and upgrade of up to 9 CIWS Block 1A mounts to Block 1B Baseline 2 systems; 11 Remote Control Stations; 11 Local Control Stations, spare and repair parts; support equipment; test equipment; personnel training and training equipment; publications and technical documentation; U.S. Government and contractor logistics and technical support services; and other related elements of logistics and program support. The estimated cost is \$76 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a major ally which has been, and continues to be a staunch coalition partner and important force for political stability throughout the world.

The proposed sale will improve Australia's maritime defense capability to contribute to national defense and future coalition operations. Australia will use the enhanced capability as a deterrent to regional threats and to strengthen its shipboard defense. Australia will have no difficulty absorbing this new upgrade into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be Raytheon Missile Systems Company in Tucson, Arizona. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Australia.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 14-50

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The CIWS Block 1B Baseline 2 upgrade represents an increase in threat acquisition and firepower accuracy over the Block 1B Baseline 1 and CIWS Block 1A configurations. The Baseline 2 variant includes a radar improvement upgrade and an electro-optical sensor to improve weapon system performance against low-observable; sea-skimming threats, and provides improved capability to concentrate hard-kill ordnance in a tighter pattern on the threat. The CIWS mount and spare hardware are Unclassified. The radar improvement/upgrade is the most sensitive portion of the Baseline 2 configuration. The hardware, software, and the majority of the technical documentation are Unclassified.

2. The CIWS Block 1B Baseline 2 upgrade will result in the transfer of highly accurate close-in engagement technology and ship self-defense capability. The equipment, hardware, and the majority of documentation are Unclassified. The embedded software and operational performance are classified Confidential. The seeker/electro-optical control section and the target detector are Unclassified, but contain sensitive state-of-the-art technology. Twelve sets of Technical Manuals used to support the operation and provisioning of organizational-level maintenance are Confidential. The technical and operational data identified above is classified to protect vulnerabilities, design and performance parameters, and similar critical information.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.

4. A determination has been made that the recipient country can provide the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Australia.

[FR Doc. 2014-25311 Filed 10/23/2014 at 8:45 am; Publication Date: 10/24/2014]